

1 **Adopt 2 Cal. Code Regs. Section 18540 to read:**

2 **18540. Voluntary Expenditure Ceilings.**

3 ***Decision 1, Option A***

4 (a) For purposes of Government Code section 85400, campaign expenditures shall be
5 allocated to primary, general, special, or runoff elections as follows:

6 (1) Expenditures related to mailing or distribution of campaign literature, signs, buttons,
7 bumper stickers and similar items, shall be allocated to the next election following the date(s) on
8 which the expenditures were made or, if the election is held on the date when the expenditures
9 were made, to the election held on that date.

10 (2) Expenditures related to publications in broadcast, print or electronic media shall be
11 allocated to the next election following the date(s) specified in the contract for broadcast,
12 publication, or dissemination or, if the election is held on the date specified for publication,
13 broadcast, or dissemination, to the election held on that date. [Option A(1) Refunds for
14 broadcast time or advertisement space, purchased but not broadcast, published, or disseminated,
15 shall be credited to the election for which the expenditure would otherwise have been allocated.]

16 (3) Expenditures related to telephone banks, including costs of design and operation,
17 costs of installing or renting telephone lines and equipment, toll charges, personnel costs, rental
18 of office space, and associated consultants' fees, shall be allocated to the next election following
19 the date(s) on which the expenditures were made or, if the election is held on the date when the
20 expenditures were made, to the election held on that date.

21 (4) Expenditures on professional services, including fees and costs of campaign
22 consultants and pollsters, shall be allocated to the next election following the date(s) on which
23 the expenditures were made or, if the election is held on the date when the expenditure was

1 made, to the election held on that date. [Option A(2) In the event that a contract for
2 professional services allocates specific fees and costs to particular elections, the terms of the
3 contract will govern allocation of expenditures to each election. If a contract provides for a
4 bonus payment should the candidate win a particular election, the bonus payment is an expense
5 of the election whose result triggers the payment obligation.]

6 (5) Overhead expenditures, including expenditures related to the lease of office space,
7 payments for utilities, rental or purchase of office equipment and furnishings, miscellaneous
8 supplies, costs of internal copying and printing, monthly telephone charges, personnel costs, and
9 candidate or staff travel expenses, shall be allocated to the next election following the date(s) on
10 which the expenditures were made or, if the election is held on the date when the expenditures
11 were made, to the election held on that date.

12 (6) Expenditures related to campaign fundraising shall be allocated to the election for
13 which the funds were raised. If fundraising expenditures cannot be assigned in this manner to a
14 particular election, fundraising expenditures shall be allocated to the next election following the
15 date(s) on which the expenditures were made or, if the election is held on the date when the
16 expense was incurred, to the election held on that date. Fundraising expenditures for the
17 payment of debts under Government Code section 85316 shall not be counted against the
18 voluntary expenditure ceilings established under Government Code section 85400.

19 (7) Expenditures not described in subdivisions (a) through (f) of this regulation shall be
20 allocated to the next election following the date(s) on which the expenditures were made or, if
21 the election is held on the date when the expenditure was made, to the election held on that date.

22 [Option A(3) (8) The candidate shall maintain records establishing that his or her
23 allocation of campaign expenditures under Government Code section 85400 was consistent with

1 the provisions of the Act and of this regulation.]

2 [Option A(4) (b) The allocation of expenditures under this regulation shall be reported
3 pursuant to subdivision (b) of 2 Cal. Code Regs. section 18421.4(b).]

4 ***Decision 1, Option B***

5 (a) For purposes of Government Code section 85400, campaign expenditures made prior
6 to or on the date of a primary or special election shall be counted against the voluntary
7 expenditure limits applicable to that primary or special election. Expenditures made prior to or
8 on the date of a general election, after the date of any election preceding that general election,
9 shall be counted against the voluntary expenditure limits applicable to the general election.

10 Expenditures made after the date of any election giving rise to a runoff election, and made prior
11 to or on the date of that runoff election, shall be counted against the voluntary expenditure limits
12 applicable to that runoff election. [Option B(1) The candidate shall maintain records
13 establishing that his or her allocation of campaign expenditures under Government Code section
14 85400 was consistent with the provisions of the Act and of this regulation.]

15 [Option B(2) (b) Notwithstanding the provisions of subsection (a) of this regulation,
16 expenditures related to publications in broadcast, print or electronic media shall be allocated to
17 the next election following the date(s) specified in the contract for broadcast, publication or
18 dissemination or, if the election is held on the date specified for publication, broadcast, or
19 dissemination, to the election held on that date.] [Option B(3) Refunds for broadcast time or
20 advertisement space, purchased but not broadcast, published, or disseminated, shall be credited to
21 the election for which the expenditure would otherwise have been allocated.] [Option B(4)
22 Expenditures on professional services, including fees and costs of campaign consultants and
23 pollsters, shall be allocated to the next election following the date(s) on which the expenditures

1 were made or, if the election is held on the date when the expenditure was made, to the election
2 held on that date.] [Option B(5) In the event that a contract for professional services allocates
3 specific fees and costs to particular elections, the terms of the contract will govern allocation of
4 expenditures to each election. If a contract provides for a bonus payment should the candidate
5 win a particular election, the bonus payment will be allocated as an expense of the election
6 whose result triggers the payment obligation.] [Option B(6) Expenditures related to campaign
7 fundraising shall be allocated to the election for which the funds were raised. If fundraising
8 expenditures cannot be assigned in this manner to a particular election, fundraising expenditures
9 shall be allocated to the next election following the date(s) on which the expenditures were made
10 or, if the election is held on the date when the expense was incurred, to the election held on that
11 date.] [Option B(7) Fundraising expenditures for payment of debts under Government Code
12 section 85316 and 2 Cal. Code Regs. section 18536.1 shall not be counted against the voluntary
13 expenditure ceilings established under Government Code section 85400.]

14 [Option B(8) (c) The allocation of expenditures under this regulation shall be reported
15 pursuant to 2 Cal. Code Regs. section 18421.4(b).]

16 ***Decision 2***

17 (b) A non-monetary contribution is deemed to be a campaign expenditure made by the
18 receiving committee on the date of receipt, which counts against the voluntary expenditure limits
19 prescribed by Government Code section 85400, if an expenditure for equivalent goods or
20 services would have been a campaign expenditure described in subdivision (a) of this regulation.
21 For purposes of Government Code section 85400, the amount of the expenditure shall be the fair
22 market value of the contribution on the date of receipt.

1 *Decision 3*

2 (c) Contributions to other candidates or committees, [Option A costs associated with
3 preparing and filing campaign finance reports required under the Act,] candidate filing fees, and
4 costs of ballot pamphlet statements are not counted against the voluntary expenditure limits
5 prescribed by Government Code section 85400.

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7 NOTE: Authority cited: Section 83112, Government Code.
8 Reference: Sections 82015, 85400 and 85402, Government Code.

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